

10 MAR 1959

MEMORANDUM FOR: Acting Deputy Director (Support)

SUBJECT : The Agency Financial Management Program

1. For several years the Comptroller's Office has been developing a financial management program designed to provide better financial data to operating officials for management and control purposes. The passage of Public Law 863 placed added emphasis on this program.

2. As you know, we designated Fiscal Year 1959 as the year of study and experimentation in the cost and allotment simplification phases of financial management improvement. During the last few months we have been spending a great deal of time and effort towards developing an Agency-wide program to become effective 1 July 1959. The complex factors are too numerous to attempt a written review at this time. Instead, we wish to present our program to you in a discussion session at 2:30 p.m. on 19 March 1959 in the Comptroller's Office.

3. The program that we will discuss in detail is briefly stated as follows:

a. Cost-based budgeting required by Public Law 863 will be introduced in the Agency with the submission of the Fiscal Year 1960 operating budgets on a cost basis.

b. The use of accrued cost data for management purposes will begin sometime during Fiscal Year 1960.

c. The allotment system will be further simplified in Fiscal Year 1960. The single allotment experiment for Fiscal Year 1959 in the EE and SE Divisions of DD/P will be extended to all offices thus providing greater management flexibility.

d. The obligation control system for vouchered funds will be decentralized to the offices resulting in strengthening responsibility and the reduction of record keeping.

e. Machine accounting services will be utilized, to a greater extent to help reduce record keeping, provide a wider range of information, and to produce uniform and compatible reports.

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4. The major points of emphasis in the program are:

a. Simplicity - cost accounting will only be used to the extent necessary to fulfill legal and management requirements.

b. Gradual - although the program will be on an Agency-wide basis, it will begin on a modest scale and will be developed gradually in accordance with management benefits.

c. Comptroller service - we are attempting to develop and furnish a cost program entirely within the confines of the Comptroller resources and not place additional requirements on the offices.

5. We are looking forward to discussing in greater detail this program proposed for Fiscal Year 1960, a program which we feel is a major undertaking that will require a great amount of patience and cooperation and will result in improved financial management.



Deputy Comptroller

JLB/ss

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